



## DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

**DATE:** June 15, 2017

**TO:** MERA Next Generation Project Oversight Committee & Finance Committee

**FROM:** Pat Echols, Operations Officer

**SUBJECT:** AGENDA ITEM **G**: Motorola Contract Change Order Policy and Proposed Contract Contingency

**Recommended Action:** Appoint Ad Hoc Advisory Subcommittee to review Motorola contract change orders and recommend a Motorola contract contingency in the amount of \$5 million to the MERA Governing Board.

**Discussion:** To facilitate timely review and action on change orders associated with the Next Gen System vendor contract, the Governing Board adopted the following policy at their May 10, 2017 meeting:

- All change order requests are to be reviewed by a subcommittee consisting of up to three members (two minimum) of the Next Gen Project Oversight Committee (NGPOC), MERA's Executive Officer, Deputy Executive Officer and Operations Officer. Current NGPOC member list is attached.
- Any change order request with a cost increase greater than \$100,000 or that is deemed by the NGPOC subcommittee to be significant with respect to MERA's Next Gen system functionality commitments or project schedule impact will be forwarded to the MERA Governing Board for a determination.
- Change orders that do not meet the above criteria will be approved by the County and will be reported to Executive and Governing Boards at their next regularly scheduled meetings as part of the Next Gen project report agenda item.

As a contingency amount was not established vendor contract was approved earlier this year on February 22. At their May 10 meeting, the Governing Board referred this to the Finance Committee for a recommendation. County contracting procedure typically includes a contract contingency between 10% and 20% of the contract amount. Given MERA anticipated a significant change order for adding fire station alerting to the base contract scope, staff recommends a contingency of \$5 million, which represents roughly 20% of the base contract amount (\$24.42 million).

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